



February 10, 2006

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Portals II, Room TW-A325
Washington, DC 20554

EX PARTE NOTICE

Re: *Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92

Dear Ms. Dortch:

On February 9, 2005, James Olson and I, on behalf of the United States Telecom Association (USTelecom), William VanderSluis (by phone) on behalf of Hickory Tech, Eric Einhorn on behalf of SBC Communications, and William Munsell (by phone) on behalf of Verizon, met with Ian Dillner, Interim Legal Advisor to Chairman Martin to discuss a USTelecom proposal for Commission action on phantom traffic (the Proposal). I am filing with this Notice a copy of the presentation of USTelecom's Proposal used in the meeting.

In brief, USTelecom explained that its Proposal is composed of several significant steps the Commission can take today to reduce phantom traffic. USTelecom's Proposal reflects a broad consensus among companies operating in the converged telecom industry. Although it is not intended to address all issues related to intercarrier billing or exchange of intercarrier traffic, this Proposal requires the delivery of signaling information to tandem providers and terminating carriers which facilitates the creation of accurate billing records, identification of parties responsible for payment, and the appropriate rating of calls. The Commission will deter signaling manipulation by vigorously enforcing the proposed rules and imposing significant penalties for violations.

Pursuant to Section 1.1206(b) of the Commission's rules, one copy of this electronic notice is being filed in the above-referenced docket. Please call me if you have any questions.

Sincerely,

Jeffrey S Lanning
Associate General Counsel

cc: Ian Dillner

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A USTelecom Proposal for Commission Action on Phantom Traffic

February 2006

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USTelecom's Effort

- USTelecom's Proposal addresses some major sources/causes of traffic for which a carrier cannot determine: (1) the party responsible for payment, and/or (2) the appropriate rating for the call.
- USTelecom's Proposal reflects a broad consensus among companies operating in the converged telecom industry.
- This Proposal is composed of several significant steps the Commission can take today to reduce Phantom Traffic. Although it is not intended to address all issues related to intercarrier billing or exchange of intercarrier traffic, this Proposal requires the delivery of signaling information to tandem providers and terminating carriers which facilitates the creation of accurate billing records, identification of parties responsible for payment, and the appropriate rating of calls.
- The Proposal reflects the consensus that Phantom Traffic is not:
 - Traffic containing correct information yet carriers dispute appropriate rate based on differing interpretations of existing FCC rules.
 - Traffic without correct signaling because of limitations of the network technology in use.

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Signaling Telephone Number Information

- **Proposed Principle:** Every originating provider must transmit in its signaling, where possible with its network technology deployed at the time the call was originated, the telephone number assigned to the calling party.
- These Proposed Rules should apply to all traffic on the public switched telephone network (PSTN). They should also apply to all traffic destined for the PSTN from other networks.
- **Purpose:** This principle ensures that the correct information is put into the originating signaling stream to facilitate identification of the proper jurisdiction of traffic pursuant to applicable tariffs, agreements, and rules without requiring providers to deploy new/modified networks just to comply with the rule.

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Transmitting Signaling Information Without Alteration

- **Proposed Rule:** Every provider must transmit without alteration, except where not permitted with its network technology deployed at the time the call was originated, or where industry practice or guidelines would dictate otherwise, the telephone number information that it receives from another provider in signaling.
- As with all of these Proposed Rules, this rule should apply to all traffic on the PSTN, and to all traffic destined for the PSTN from other networks.
- **Purpose:** This rule ensures that signaling information that is received by a provider is passed through without alteration. This will facilitate the delivery of useful information to intermediate and terminating providers that may be used to determine the jurisdiction of calls.

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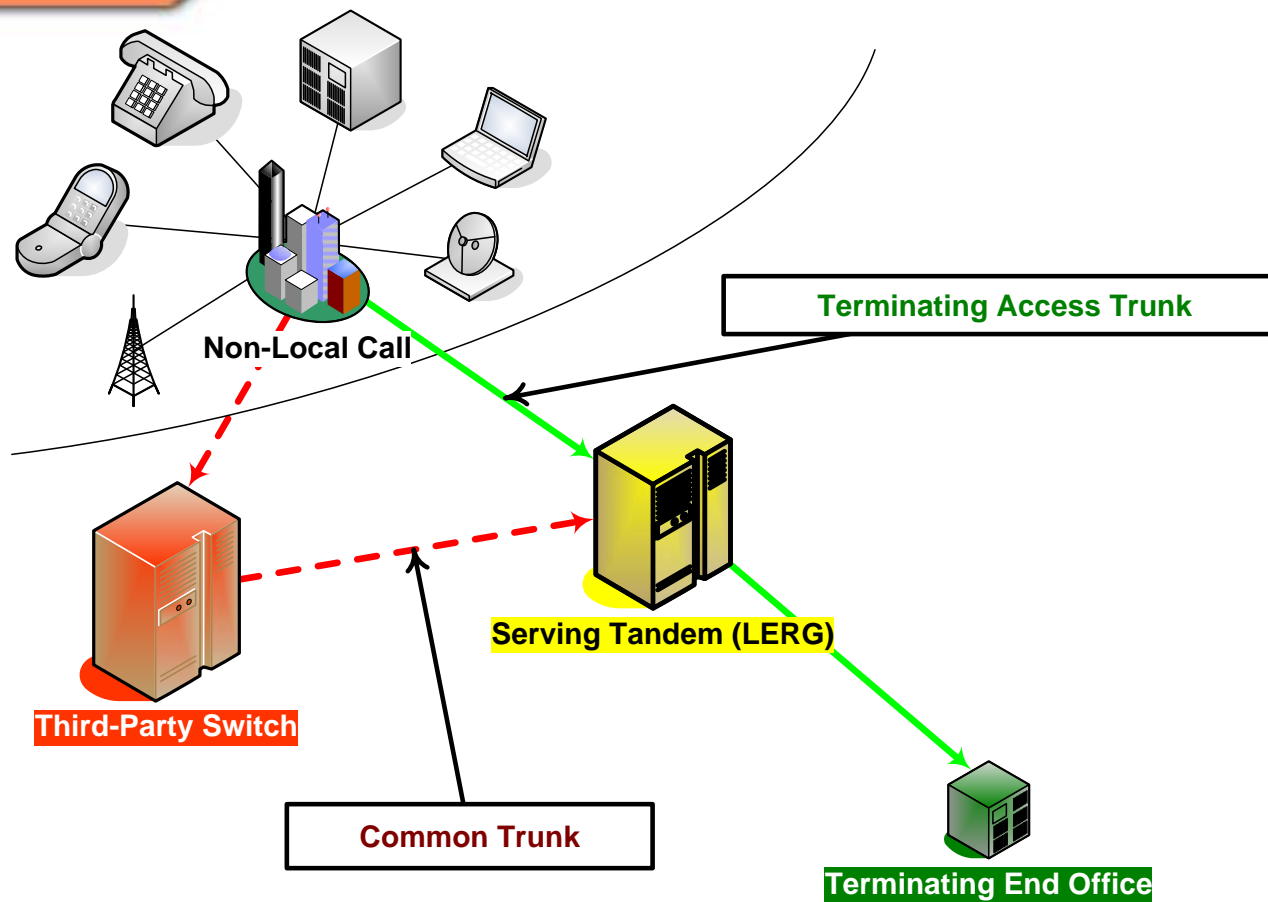
Routing Traffic According to the LERG

- **Proposed Rule:** Except by written agreement or tariff, every provider must route traffic on the PSTN according to the Local Exchange Routing Guide (LERG) where permitted with its network technology deployed at the time the call was originated.
- **Purpose:** The rule will limit providers' ability to avoid identification of traffic and to impose unnecessary costs on other network providers.

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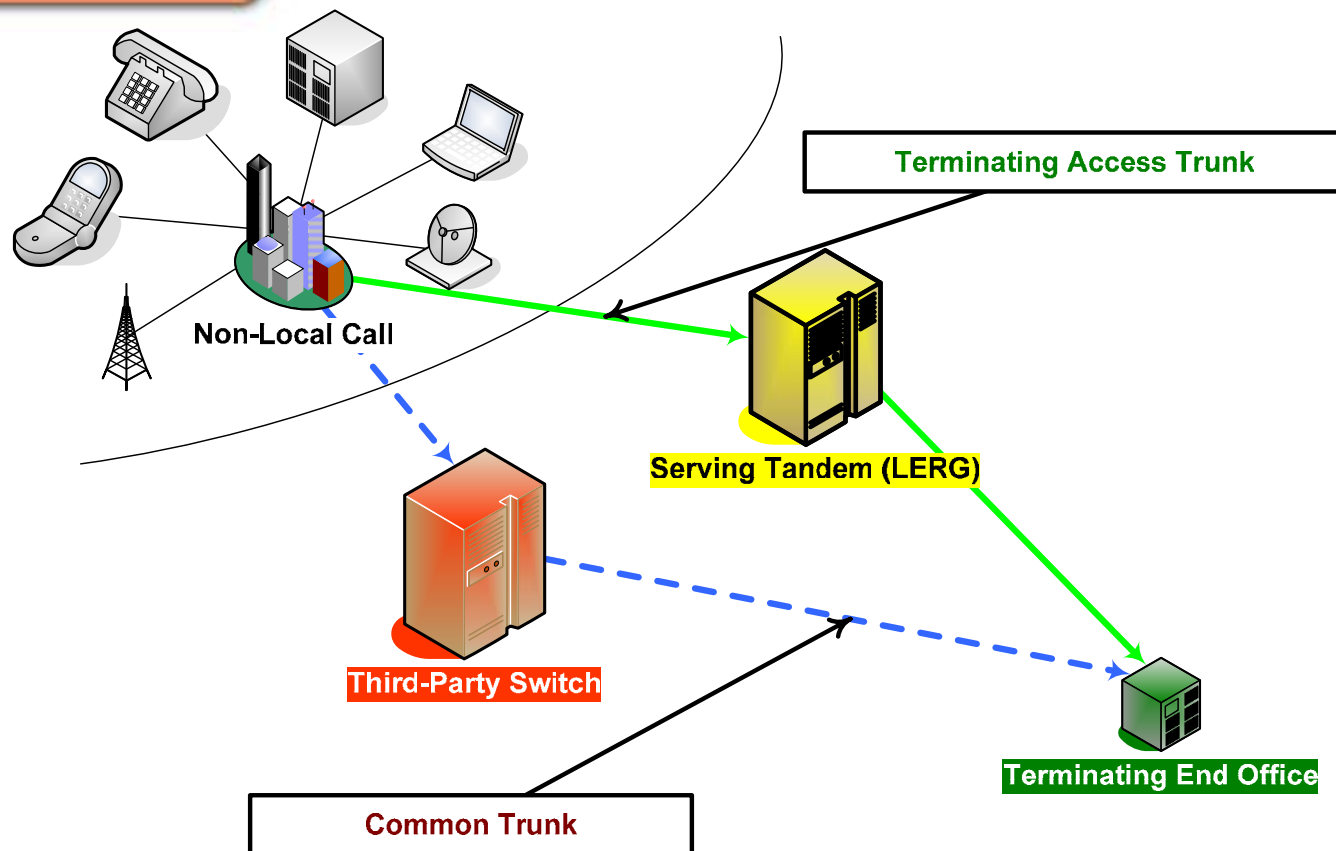
Non-LERG Routing



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Tandem Competition



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Performing Local Number Portability Queries

- **Proposed Clarification:** For proper call routing purposes, the N-1 carrier is responsible for a local number portability (LNP) query before forwarding the call. The Commission should clarify that the originating carrier is the N-1 carrier on a non-IXC call, and that the IXC is the N-1 carrier for IXC-carried calls (e.g., PIC'd intraLATA, interLATA).
- The N-1 carrier must attempt (itself, or by contract with another) to perform the required LNP query before passing the call on to the local network of the N carrier. Only then may a provider pass a call pursuant to a “query of last resort” tariff.
- **Purpose:** This clarification of the Commission’s orders and rules will reduce instances where un-queried traffic enters local networks, which can cause non-local traffic to be routed on local trunks, and raise questions regarding who or what to bill.

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Enhancing Carriers' Ability To Obtain Traffic Termination Agreements

- **Proposed Rule:** The Commission should extend the principle of the *T-Mobile* decision, 20 FCC Rcd 4855, and provide terminating carriers the ability to invoke the 251/252 negotiation/arbitration process with CLECs.
- **Purpose:** Carriers that terminate traffic originated by CLECs must be able to effectuate billing/compensation agreements with those carriers. Extending the *T-Mobile* principle encourages the negotiation of such agreements and the development of business relationships among the providers exchanging traffic.

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Enforcing Phantom Traffic Rules

- Any party that is unable to bill revenue to which it is lawfully entitled by reason of a provider's violation of a Proposed Phantom Traffic Rule may bring an enforcement action in accordance with the Commission's rules.
- The Commission should indicate that it will initiate enforcement proceedings against parties that regularly violate these Proposed Phantom Traffic Rules, and it should exercise its authority to assess forfeitures for each violation of the Proposed Phantom Traffic Rules taking into account the willfulness and recurrence of the provider's violations.
- **Purpose:** The continued integrity of the system requires that all providers create and pass accurate signaling information. The Proposed Rules will reduce Phantom Traffic by ensuring that such information is available in the first place and is passed forward as received. The Commission will deter signaling manipulation by vigorously enforcing these Proposed Rules and imposing significant penalties for violations.

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Conclusion

- The Commission should adopt USTelecom's Proposed Rules to reduce financial harm from Phantom Traffic and to build and maintain trust among the providers that exchange traffic utilizing the PSTN.